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August 28, 2015

VIA EMAIL AND FED EX

Mr. Scott Sanders, APIR
Life and Health Supervisor
Division of Insurance and Financial Oversight
Office of Insurance and Safety Fire Commissioner
West Tower, Floyd Building, Suite 604
2 Martin Luther King, Jr. Drive
Atlanta, GA 30334

Mr. Trey Sivley, Esq.
Division Director
Division of Insurance and Financial Oversight
Office of Insurance and Safety Fire Commissioner
West Tower, Floyd Building, Suite 604
2 Martin Luther King, Jr. Drive
Atlanta, GA 30334

Re: Responses To Questions From Georgia Office of Insurance and Safety Fire Commissioner Involving Form A Statement Regarding the Acquisition of Control of Humana Employers Health Plan of Georgia, Inc. (the "Domestic HMO") by Aetna Inc. (the "Applicant")

Dear Mr. Sivley and Mr Sanders:

Below please find responses to your questions in the above referenced matter. Thank you for your consideration in this matter. If you require any additional information please feel free to contact me at (312) 443-0532 or tfarber@lockelord.com.

I. Trey Sivley Network and Provider Questions Response From August 12, 2015 Letter:

Answer to Question 1: Applicant is unable to answer this question at this time. It does not have access to information about Humana's contractual relationships with providers. Please note that antitrust laws limit the ability of Aetna and Humana to share certain information pre-closing.

Answer to Questions 2-7: Matters such as those discussed in Questions 2-7 will be resolved in due course during the integration process following the closing of the transaction and have not been decided at this time. Aetna's experience is that integration typically can take two-three years. As an example in Aetna's acquisition of Coventry Aetna did not begin to transition Coventry policies until over 18 months after closing and in many cases Aetna has kept those Coventry policies available. Please note that antitrust laws limit the ability of Aetna and Humana to share certain information pre-closing. Aetna will comply with all Georgia network adequacy laws in making these determinations. In addition, Aetna intends to make decisions on these issues with the goal of serving the diverse needs of Georgia consumers and employers with high quality, affordable products.

II. Trey Sivley Competition Questions From August 12, 2015 Letter:

Please see the attached Form E filing which addresses these issues.

III. Scott Sanders Questions:

1) Please provide the Form E filing associated with this transaction.

Answer: Please see the attached Form E filing.

2) In the current Form A filing, the total value of the Transaction is purported to be approximately \$37 billion of which approximately \$16 billion will be financed. At present is there more information available to Aetna as to the ultimate nature and mix of debt that will be utilized to close the Transaction? If any changes have occurred to the nature and mix of debt to fund the transaction an amendment to the Form A filing is necessary and a new 8-K should be submitted.

3) Please detail the line items that comprise the total value of the Transaction mentioned in the previous item.

Answer to Questions 2 & 3: There have been no changes in the nature and mix of debt to fund the transaction since the filing of the Form A and the description in the Form A remains accurate.¹

¹ Form A provides: [I]n consideration for the First Merger, each outstanding share of Humana's common stock (other than shares held, directly or indirectly, by Humana or Aetna and other than those shares with respect to which appraisal rights are properly exercised) will be converted into the right to receive (i) 0.8375 shares of Aetna's common stock and (ii) \$125.00 in cash, without interest. Aetna expects to finance the cash portion of the Transaction with approximately \$3.4 billion of cash that is projected to be available at Aetna and Humana at the time of the First Merger closing and by issuing approximately \$16 billion of new term loans, debt and commercial paper. Aetna will also assume indirectly through Humana LLC, the Surviving Company of the Second Merger, all of Humana's outstanding debt, which principal amount totals approximately \$3.8 billion. All of such foregoing debt, whether incurred as a result of the above financing, issuance of new term loans, debt and commercial paper by Aetna, or assumption by Aetna indirectly through Humana LLC of all of Humana's outstanding debt, will be the obligation of Aetna, the ultimate parent company, or of Humana LLC, a direct wholly-owned subsidiary of Aetna, and not an obligation of the Domestic HMO. The total dollar value of the Transaction is approximately \$37 billion, based on the closing price of Aetna's common shares on the New York Stock Exchange on July 2, 2015.

Sources and Uses of Funds (in \$Billions)

Sources of Funds:

Available Cash	3.4
New Debt and Commercial Paper	16.2
Target Debt Assumed	3.8
New Shares Issued	<u>16.0</u>
<i>Total Sources</i>	39.4

Uses of Funds:

Purchase Equity	34.1
Target Debt Assumed	3.8
Other	<u>1.5</u>
<i>Total Uses</i>	39.4

The average interest rate on Aetna's transaction debt is projected to be ~3%, pre-tax.

The purchase price is \$230.11 per Humana share consisting of:

–\$125 per share in cash consideration

–\$105.11 in shares of AET stock

–Implied consideration mix: 54% Cash and 46% Stock

On July 2, 2015, Aetna entered into a bridge facility commitment letter (the "Commitment Letter") pursuant to which Citigroup Global Markets Inc., UBS AG, Stamford Branch, and UBS Securities LLC have committed to provide up to \$16.2 billion under a 364-day senior unsecured bridge loan facility to finance the transaction in the event that Aetna has not received any combination of (i) senior notes, (ii) senior unsecured term loans and/or (iii) commercial paper in an aggregate principal amount of at least \$16.2 billion prior to the consummation of the Mergers. The commitment is subject to various conditions and the Commitment Letter is attached.

The below linked Form 8-K filed on July 31, 2015 describes the Third Amendment to Aetna's Existing Credit Agreement as well as entry into a Bridge Credit Agreement and Term Loan Credit Agreement. A copy will be sent to by hard copy due to size.

<http://www.sec.gov/Archives/edgar/data/1122304/000095010315006046/0000950103-15-006046-index.htm>

4) Please provide a list of the regulatory approvals needed to complete the Transaction. Include in the listing the contact information of all individuals in these regulatory bodies that have received a filing similar to the filing under consideration. Finally, include in this listing discussion of the timing needed of each approval to cleanly close the Transaction by the specified closing date.

Answer: Please see the attached list of regulatory approvals with current contact information for the Form A states. We would like approval as soon as possible but no later than the end of the 2015.

5) Please provide business plans and financial projections (including expected dividend payments for the next 3 calendar years) for Aetna Health Inc. (a Georgia corporation), Aetna Better Health Inc. (a Georgia corporation) and the Domestic HMO.

Answer: The business plan for the Aetna HMOs was provided by email on August 11, 2015 and the financial projections for the Domestic HMO were previously provided with the Form A. Attached please find the financial projections for the Aetna domestic HMOs as well as the business plan for the Domestic HMO. Applicant reaffirms its request for confidentiality for financial projections and business plans.

6) If not already provided, please provide updated biographical affidavits and investigative background reports for all officers and directors of the Applicant that will become officers and directors of the Domestic HMO post-closing.

Answer: The updated biographical affidavits have been provided to the Georgia Office of Insurance for the directors and executive officers of Aetna Inc. and the investigative background reports are currently being conducted and will be provided shortly.

No specific material changes in the Board of Directors or senior management or operations of the Domestic HMO are currently planned as part of the transaction or immediately after the Transaction other than to replace any current Board members or employees who resign following the closing of the Transaction. If any such changes were to occur following the closing of the transaction, they would be communicated to the Georgia Office of Insurance as appropriate and as required by law and would be effected in compliance with all applicable statutory and regulatory requirements.

7) Please provide a listing of the current operational personnel for the Domestic HMO as well as the number of those individuals who currently reside in Georgia. Please also list how many of the total proposed directors of Domestic HMO post-closing are Georgia residents.

8) Please provide a listing of the current operational personnel for the Domestic HMO as well as the number of those individuals who currently reside in Georgia.

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Answer: Humana has informed Aetna that it has 683 associates residing in Georgia as of the first week of August 2015. These associates are sorted into categories primarily based on Humana's segment/functional areas as shown in the chart below.

Medicare	151
Retail Sales	89
Commercial Group	151
Government Business	59
Network	34
Clinical	110
Other	89
Total	683

All associates included in the list reside in Georgia, but some support Georgia-only operations while others have duties supporting regional operations. Note that in the chart "Medicare" includes operational and business leadership positions. "Retail Sales" encompasses Humana's commercial individual business, including exchange, as well as Medicare Advantage sales. "Government Business" encompasses support of Humana's TriCare business operations. "Other" includes associates in several functional areas, including Pharmacy, Finance, HR and IT.

Directors for these business are primarily in Humana's headquarters in Louisville, KY. Alan Wheatley, located in Louisville, KY, directs Medicare and Retail Sales. Elizabeth Bierbower leads the Commercial Group and Government Business (Tricare) teams. Timothy O'Rourke, located in Chicago, IL, heads Network. Clinical is led by Marsden Connolly, residing in Louisville, KY. Attached is a more detailed functional area report.

Please also see the attached presentation that Humana gave in Atlanta, GA, during April of 2015, when the Humana Inc. stockholder's meeting was held. Please note that the reference to 1,000 associates on slide 2 of the presentation previously included Concentra employees. However Concentra was sold on June 1, 2015 thereby resulting in the primary cause in reduction of associate count indicated above.

The Domestic HMO has three current Directors, two of whom are Georgia residents. There are no current plans to make any changes to the Board of Directors at this time.

9) Please provide a list of the current affiliated agreements approved by the State of Georgia for the Domestic HMO. Please affirm that each of these agreements will remain in full effect post-closing of the Transaction. If any agreements are expected to be changed or replaced please detail these changes in your response and if available please provide draft copies of these amended/new agreements.

Answer: The current list of affiliated agreements for the Domestic HMO is as follows:

- 1) Corporate Service Agreement dated December 23, 2005 between Humana Employers Health Plan of Georgia, Inc. and Humana Inc.

- 2) Indemnity Agreement dated April 14, 1997 between Humana Inc. and Humana Employers Health Plan of Georgia, Inc.
- 3) Service Center Service Agreement-B effective December 15, 2004 between Humana Employers Health Plan of Georgia, Inc. and Humana Insurance Company.
- 4) Tax Allocation Agreement between Humana Inc. and Humana Employers Health Plan of Georgia effective December 31, 1996.
- 5) Indemnity Agreement between CareNetwork, Inc. and Humana Employers Health Plan of Georgia, Inc. effective September 30, 2005.
- 6) Medicare Risk Marketing Service Agreement effective January 1, 2001 between Humana Employers Health Plan of Georgia, Inc. and Humana MarketPOINT, Inc.

After the Transaction is consummated and as part of the ongoing integration of the management and operation of Aetna's health businesses and Humana's health businesses, which Aetna is acquiring, Aetna may terminate existing and enter into new affiliate or intercompany agreements such as Federal tax sharing agreements. Any changes to affiliate or intercompany agreements proposed to be made with respect to the Domestic HMO following the Transaction would be implemented subject to and after any required insurance regulatory approvals with the Georgia Office of Insurance, as appropriate and as required by law, and would be effected in compliance with all applicable statutory and regulatory requirements.

For the Aetna Inc. acquisition of Coventry Health Care, Inc., the Coventry domestic insurers joined Aetna Inc.'s current tax sharing agreement pursuant to a Form D that was filed post-closing. The Georgia Office of Insurance has a copy of Aetna's current tax sharing agreement.

10) Have the Humana Inc. stockholders approved the Acquisition Agreement?

Answer: No. A special meeting of the stockholders of Humana is scheduled to be held on October 19, 2015 regarding approval of the transactions.

11) In terms of dissenting rights of stockholders, do the parties of the Acquisition Agreement envision any "dissenting rights" issues as a result of the agreement? If so, please explain.

We are not aware of any dissenting rights issues at this at time.

12) What is the current status of the Hart-Scott-Rodino filing? Please provide a copy of the filing and related requests for information from the U.S. Department of Justice.

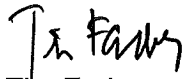
Answer: Please see the attached Form 8-K filed showing the status of the HSR filing. No information specific to Georgia was contained in the HSR filing or has been requested by the Department of Justice.

Thank you for your consideration in this matter. If you require any additional information please feel free to contact me at (312) 443-0532 or tfarber@lockelord.com.

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Very truly yours,

LOCKE LORD LLP

A handwritten signature in black ink, appearing to read "Tim Farber". The signature is stylized with a large initial "T" and a cursive "Farber".

Tim Farber

Enclosures